

CENTRAL INTELLIGENCE AGENCY  
National Foreign Assessment Center  
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INTELLIGENCE MEMORANDUM

ALBANIA ON ITS OWN: AN INTERIM REPORT

Key Points

- Since its public acknowledgment of the termination of Chinese economic assistance in July, Albania has pursued a go-it-alone foreign policy that has eschewed accommodation with its principal ideological foes--China and the USSR. Nor has it shown evidence of moderating its hostility to the US.
- Tirana has instead accelerated efforts begun last year to expand economic relations with selected countries of both East and West. So far, the Albanians are not inclined--or perhaps able--to find a "sponsor" that would provide the benefits previously extended by China.
- Albania faces a sharp drop in its rate of economic growth unless it opens its economy to foreign credits. In order to do this, the regime would have to lift its constitutional prohibition against borrowing from abroad; [REDACTED]

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This memorandum was prepared by the Office of Regional and Political Analysis and coordinated by the Office of Economic Research. Questions and comments may be directed to [REDACTED]

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### Impact of the Break with China

25X1 A small country with few resources, Albania is, and long will be, heavily dependent on foreign trade or assistance to sustain its industrial development. During the nearly two decades of the Sino-Albanian alliance, Tirana relied almost completely on China for economic, technological and military assistance; the impact of the pullout, therefore, will probably be severe. [redacted] the consequences can already be observed.

We see no evidence that the Hoxha regime has sought to devise a strategy for finding a major new source of assistance. Instead, it seems to have decided to continue, for the near term at least, the policy it has followed for the last year of gradually accelerating economic relations with the outside world other than China. It is improbable that this approach will enable the Albanians to obtain sufficient supplies of industrial materials and equipment quickly enough to avoid disruptions in industrial production and an economic slowdown.

Even if Albania were to experience economic hardships, domestic unrest is not likely to develop as long as basic consumer needs are met. Hoxha maintains one of the most repressive regimes in the world, and although some Albanians may have doubts about the wisdom of his "go-it-alone" policy, there has been no evidence of any challenge to his authority.

### Current Policy and Its Justification

Hoxha publicly justified his current policy in a recent speech in which he differentiated between those states under "different social regimes" that are progressive and well-disposed toward Albania and those that are not. He expressed Tirana's desire to maintain friendly relations with the former, but stressed that Albania would not ignore or soft-pedal political and ideological differences with those regimes.

Hoxha also used the occasion to reiterate Albania's hostility to the US, the USSR, and China. He pledged that Tirana would continue to fight against US "imperialism" and Soviet and Chinese "social imperialism," thereby effectively ruling out reconciliation in the near future.

Despite Tirana's refusal to normalize relations, Moscow and its Warsaw Pact allies continue their low-key efforts to court the Albanians. Bulgaria, which is in the forefront of this pursuit, recently published several articles that presented Albania in a positive light. Sofia has also let Tirana know that it desires good relations and cooperation.

The USSR, which is undoubtedly behind the efforts of its East European allies to woo Albania, can be under no illusion that Tirana will agree to a significant improvement in relations as long as Hoxha remains in power. The Albanian leader has given no indication that he has moderated his longstanding and deep-seated suspicions of the Soviets and East Europeans. Moscow, however, may view any minor advance as encouraging progress toward bringing Albania back into the fold in a post-Hoxha era.

Yugoslavia, which is concerned that Albania not return to the Soviet orbit, has expressed its desire for improved bilateral relations. Albania is reportedly receptive to some improvement in state relations; but thus far there has been no breakthrough, and a reconciliation appears out of the question in the near term.

#### Japanese and Third World Connections

Tirana's most ambitious recent efforts to develop trade relations, and perhaps even to obtain financial and technical aid, have been directed toward India, Algeria, and Japan. A visit to India by a low-level Albanian trade delegation in August sparked rumors in New Delhi that Albania was looking to India to supplant China. The Indian press speculated that the Albanians would request assistance to complete a long list of projects left unfinished by the Chinese and predicted that they would also explore the possibility of opening a diplomatic mission in the Indian capital. We have seen no hard evidence that Tirana has requested major economic or technical assistance. We believe that Albania was approaching India--as it does many other countries--to diversify its commercial relations as much as possible and that it will try to avoid exclusive dependence on a single trade partner.

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Albania is also trying to expand relations with Algeria. After signing a two-year trade agreement last April, Tirana dispatched a high-level trade delegation (led by the Minister of Foreign Trade) to Algiers in September.

Albania's relations with Japan are also on the upswing. A Japanese trade delegation visited Tirana in August; Japanese officials have let it be known that Japanese firms are interested in exploring the Albanian market. Like many others, the Japanese are probably hoping to buy Albanian chrome ore and chrome concentrates. [REDACTED]

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[REDACTED] The Albanians may be ready to initiate diplomatic relations with Tokyo; the Japanese would be likely to accept.

#### Little Movement in Western Europe

Albania has sought to expand commercial relations with a number of West European countries--primarily Italy, Greece, and France--but the Europeans have so far not made any significant new commitments. This lack of a favorable response has reportedly led some Albanian officials, including the Foreign Minister, to express disappointment and chagrin. Nevertheless, Albania's overall relations with these countries have improved moderately over the last year, and relations with Greece, in particular, have improved on both the political and economic fronts.

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In addition to its efforts to increase its commercial contacts in Western Europe, Albania is exploring trade possibilities in Latin America.

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None of the probes Albania has made appear likely to have yielded sufficient economic gain to maintain its current level of industrial development.

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